

# **NEW INCENTIVES - ALL BABIES ARE EQUAL INITIATIVE**

Audited Consolidated Financial Statements

December 31, 2019



**All Babies  
Are Equal**

# CCTmarketplace dba New Incentives and Subsidiary

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Independent Auditor's Report

To the Board of Directors  
CCTmarketplace dba New Incentives

We have audited the accompanying consolidated financial statements of CCTmarketplace dba New Incentives and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CCTmarketplace dba New Incentives and Subsidiary as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Los Angeles, California  
November 16, 2020

**CCTmarketplace dba New Incentives and Subsidiary**

**Consolidated Statements of Financial Position  
December 31, 2019 and 2018**

	<u>Assets</u>	
	<u>2019</u>	<u>2018</u>
Assets		
Cash	\$ 1,620,405	\$ 4,676,783
Accounts receivable	-	2,273
Prepaid expenses	75,531	71,195
	<u>75,531</u>	<u>71,195</u>
Total assets	<u>\$ 1,695,936</u>	<u>\$ 4,750,251</u>
	<u>Liabilities and Net Assets</u>	
Liabilities		
Accounts payable	\$ 80,117	\$ 90,528
	<u>80,117</u>	<u>90,528</u>
Total liabilities	80,117	90,528
Net assets		
Without donor restrictions	1,615,819	4,659,723
	<u>1,615,819</u>	<u>4,659,723</u>
Total liabilities and net assets	<u>\$ 1,695,936</u>	<u>\$ 4,750,251</u>

See Notes to Consolidated Financial Statements.

**CCTmarketplace dba New Incentives and Subsidiary**

**Consolidated Statements of Activities  
For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Support		
Foundation grants	\$ 1,500	\$ 253,500
Individual donations and other income	<u>19,552</u>	<u>27,391</u>
Total support	<u>21,052</u>	<u>280,891</u>
Expenses		
Program services	2,932,973	1,864,154
Management and general	119,476	101,307
Fundraising	<u>18,018</u>	<u>15,518</u>
Total expenses	<u>3,070,467</u>	<u>1,980,979</u>
Foreign currency translation adjustment	<u>5,511</u>	<u>958</u>
Change in net assets	(3,043,904)	(1,699,130)
Net assets, beginning	<u>4,659,723</u>	<u>6,358,853</u>
Net assets, end	<u><u>\$ 1,615,819</u></u>	<u><u>\$ 4,659,723</u></u>

See Notes to Consolidated Financial Statements.

**CCTmarketplace dba New Incentives and Subsidiary****Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2019**

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Conditional cash transfers	\$ 837,776	\$ -	\$ -	\$ 837,776
Salaries, benefits, and payroll taxes	666,978	58,205	17,979	743,162
Travel and field transportation	756,178	-	29	756,207
Communication and technology	81,419	2,923	-	84,342
Accessories	80,098	2,708	-	82,806
Office expenses	34,171	6,655	-	40,826
Professional fees	11,073	48,985	-	60,058
Miscellaneous	4,906	-	10	4,916
Insurance	20,874	-	-	20,874
Consultants	290,599	-	-	290,599
Stakeholder relations	76,546	-	-	76,546
Research	6,723	-	-	6,723
Field supplies	65,632	-	-	65,632
Total	<u>\$ 2,932,973</u>	<u>\$ 119,476</u>	<u>\$ 18,018</u>	<u>\$ 3,070,467</u>

See Notes to Consolidated Financial Statements.

**CCTmarketplace dba New Incentives and Subsidiary**

**Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2018**

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Conditional cash transfers	\$ 631,503	\$ -	\$ -	\$ 631,503
Salaries, benefits, and payroll taxes	443,716	60,839	15,267	519,822
Travel and field transportation	367,502	483	251	368,236
Communication and technology	67,444	2,487	-	69,931
Accessories	28,802	-	-	28,802
Office expenses	45,069	4,459	-	49,528
Professional fees	9,098	32,955	-	42,053
Miscellaneous	15,415	84	-	15,499
Insurance	5,137	-	-	5,137
Consultants	155,117	-	-	155,117
Stakeholder relations	43,803	-	-	43,803
Research	22,874	-	-	22,874
Field supplies	28,674	-	-	28,674
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 1,864,154</u>	<u>\$ 101,307</u>	<u>\$ 15,518</u>	<u>\$ 1,980,979</u>

See Notes to Consolidated Financial Statements.

**CCTmarketplace dba New Incentives and Subsidiary**

**Consolidated Statements of Cash Flow  
For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (3,043,904)	\$ (1,699,130)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Changes in operating assets and liabilities		
Accounts receivable	2,273	(2,273)
Prepaid expenses	(4,336)	(1,897)
Accounts payable	<u>(10,411)</u>	<u>36,932</u>
Net cash used in operating activities	<u>(3,056,378)</u>	<u>(1,666,368)</u>
Net decrease in cash	(3,056,378)	(1,666,368)
Cash, beginning	<u>4,676,783</u>	<u>6,343,151</u>
Cash, end	<u><u>\$ 1,620,405</u></u>	<u><u>\$ 4,676,783</u></u>

See Notes to Consolidated Financial Statements.



## **CCTmarketplace dba New Incentives and Subsidiary**

### **Notes to Consolidated Financial Statements December 31, 2019 and 2018**

#### **Note 1 - Business and summary of significant accounting policies**

##### **Business**

CCTmarketplace dba New Incentives (a California nonprofit corporation) ("New Incentives") was formed in California in 2011 and its subsidiary, All Babies Are Equal Initiative ("Subsidiary") was formed in 2014. Collectively (the "Organization") is designated as a 501(c)(3) nonprofit corporation. The Organization operates a program where low-income mothers are given cash transfers for immunizing their infants. This is known as Conditional Cash Transfers ("CCTs"). CCTs are one of the most evidence-based activities in international development. Through its Subsidiary, the Organization operates a conditional cash transfer program in Northern Nigeria, a region with one of the lowest immunization rates worldwide. The Organization focuses on Katsina State, Zamfara State and Jigawa State where less than 6% of infants are fully vaccinated. Many program recipients live below the poverty line and earn less than \$1 a day. Vaccine preventable diseases account for approximately 22% of child deaths in Nigeria. This means that the death of over 200,000 Nigerian children could have been prevented through immunizations. By providing conditional cash transfers to parents and infants, New Incentives strives to protect communities against deadly diseases and reduce poverty with a highly cost-effective intervention.

##### **Nature of activities**

###### **Program services**

Includes costs necessary for verifying cash transfer conditions, delivering CCTs, and continued success of the program mission.

###### **General and administrative**

Includes the functions necessary to support the programs; ensure an adequate working environment; provide coordination of the Organization's program strategy; secure proper administrative functioning of the management and Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

###### **Fundraising**

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

##### **Basis of presentation and principles of consolidation**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The consolidated financial statements include the accounts of New Incentives and its Subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

##### **Financial statement presentation**

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions, which are described as follows:

*Net assets without donor restrictions* - Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate net assets without donor restrictions for specific purposes.

## **CCTmarketplace dba New Incentives and Subsidiary**

### **Notes to Consolidated Financial Statements December 31, 2019 and 2018**

*Net assets with donor restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At December 31, 2019 and 2018, the Organization does not have any net assets with donor restrictions.

#### **Contributions**

Contributions received are recorded as support with donor restrictions or support without donor restrictions depending on the existence or nature of any donor restrictions. Contributions for which donors have imposed restrictions, which limit the use of the donated assets, are reported as restricted support if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributions of assets which donors have stipulated must be maintained in perpetuity, with only the income earned thereon available for current use, are classified as contributions with donor restrictions perpetual. Contributions for which donors have stipulated restrictions but which are met within the same reporting period, are reported as net assets without donor restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, shall be recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. At December 31, 2019 and 2018, the Organization did not have any conditional contributions.

#### **Functional allocation of expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the program services, management and general, and fundraising activities based on time spent and usage of goods and services.

#### **Foreign currency translation**

The financial statements of the Subsidiary are translated into United States dollars, using current and historical exchange rates, as appropriate. The functional currency is the Nigerian naira, and accordingly, foreign currency translation adjustments have been included as a component of consolidated statements of activities.

#### **Income taxes**

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying consolidated financial statements.

The Organization has no unrecognized tax benefits at December 31, 2019 and 2018. The Organization's federal and state information returns prior to 2016 and 2015, respectively, are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Organization recognizes interest and penalties associated with tax matters, if applicable, as part of management and general expense and includes accrued interest and penalties with accounts payable in the consolidated statement of financial position.

## CCTmarketplace dba New Incentives and Subsidiary

### Notes to Consolidated Financial Statements December 31, 2019 and 2018

All Babies Are Equal Initiative is an association with incorporated trustees registered under Nigerian law with the Corporate Affairs Commission and is subject to the laws and regulations of Nigeria.

#### **Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Adoption of new accounting pronouncements**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("ASC 606"). ASC 606 provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers which reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenues. The Organization adopted ASC 606 on January 1, 2019 using the modified retrospective method of transition for all contracts that were not completed as of that date.

The Organization's revenue for reporting periods ended after December 31, 2018 is presented under the new guidance, while financial results for prior periods will continue to be reported in accordance with the prior guidance and the Organization's historical accounting policy. The Organization has not experienced changes to the pattern of revenue recognition for its contracts, the identification of contracts and performance obligations or the measurement of viable consideration.

The Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the Organization's implementation of ASU 2018-08.

#### **Subsequent events**

Management evaluated activity of the Company through November 16, 2020, the date the financial statements were available to be issued.

#### **Note 2 - Liquidity**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. At December 31, 2019 and 2018, the Organization had cash of \$1,620,405 and \$4,626,783, respectively, available to meet operating needs and commitments over the next 12 months. In addition, the Organization continues to receive new grant commitments (see Note 5).

#### **Note 3 - Concentrations**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash. The Organization maintains its cash with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits.

## CCTmarketplace dba New Incentives and Subsidiary

### Notes to Consolidated Financial Statements December 31, 2019 and 2018

For the years ended December 31, 2019 and 2018, 48% and 89%, respectively, of total support came from one grantor.

#### Note 4 - Cumulative translation adjustment

Translation adjustments for 2019 and 2018 consist of foreign currency translation adjustments associated with All Babies Are Equal Initiative. Changes in the cumulative translation adjustments are reported in the consolidated statement of activities and changes in net assets. The changes in the cumulative translation adjustments for the years ended December 31, 2019 and 2018, is as follows:

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ (33,582)	\$ (34,540)
Foreign currency translation adjustment	<u>5,511</u>	<u>958</u>
Balance at end of year	<u><u>\$ (28,071)</u></u>	<u><u>\$ (33,582)</u></u>

#### Note 5 - Subsequent events

In December 2019, a novel strain of the coronavirus ("COVID-19") was reported. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The spread of this virus globally has caused business disruption domestically in the United States and globally. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this uncertainty. Therefore, while this matter may negatively impact the Organization's financial condition, results of operations, or cash flows, the extent of the financial impact and duration cannot be reasonably estimated at this time.

In April 2020, the Organization received a grant commitment of \$1,897,905 to further the funding of the Organization's programs.




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